

# **CONSUMERS' USE OF BRAND NAME, PRICE AND PHYSICAL APPEARANCE:**

## *Examining Retail Markets in Mexico*

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### **Overview**

Perceptions of quality and value are considered to be the principal determinants of shopping behavior and product choice among U.S. consumers. Product cues such as price, brand name, and physical appearance have been shown to affect perceptions of quality and value; however, there is no empirical evidence regarding use of product cues among Mexican consumers. U.S. apparel marketers must understand how Mexican consumers manage informational cues in evaluating and choosing products in order to develop effective marketing strategies for Mexican markets. This study identified and profiled the major Mexican markets for U.S. apparel products and examined the effect of physical appearance, brand name, and price on perceptions of quality, value, and willingness to buy U.S. products among shoppers in Mexico. Potential strategies to enhance the success of U.S. firms in Mexico's major markets are included.



### **■ Introduction**

Growth of the U.S. retail industry, given a largely oversaturated domestic market, will be possible only to the extent that emerging retail opportunities in international markets can be translated into successful market penetration by U.S. retail firms. Success of U.S. retail firms in foreign

countries is linked to how well marketers can identify and respond to the needs of those consumer markets. Accurate information about international consumer markets is essential to expand U.S. market share. However, consumer information is more difficult to secure for foreign markets and the likelihood of making incorrect strategic decisions is elevated due to cultural and other differences in these markets.

The absence of consumer research in Mexico has led to a lack of critical knowledge of Mexican consumers and their consumption patterns. Because a lack of knowledge about foreign markets can lead to ineffective marketing strategies (e.g., Clark, 1990), it is essential that U.S. retailers understand consumer attitudes toward U.S. products and the factors influencing consumers' purchase decisions in targeted international markets. Companies that do not understand national differences that exist between countries could make some very costly and embarrassing mistakes.

Key retail executives have noted that good market research is critical to develop appropriate international marketing strategies. Yet, few researchers have attempted to identify crossnational and crosscultural universalities and differences in consumer behavior (Dawar and Parker, 1994). Numerous studies conducted in the U.S. have examined consumer behaviors such as use of product cues in evaluating products; however, little has been done to examine the factors that affect purchase decisions in foreign markets. Marketing strategies that are successful in the U.S. may not be successful in international markets if those consumers use product cues differently in making quality and value decisions. The need to understand how marketing strategies may translate to other countries makes it necessary to understand the role of both product cues and consumer variables on consumer attitudes and behaviors toward U.S. products in international markets.

### *Mexican Market Potential*

In spite of Mexico's recent economic difficulties, several U.S. retail executives, convinced that the Mexican economy will continue to offer considerable medium and long term growth opportunities, are maintaining their plans for retail expansion in Mexico (Ramey, 1995). Mexico is the second largest buyer of U.S. fashion apparel, consuming an estimated \$335 million worth in 1991 (Francese, 1993; U.S. Dept. of Commerce, 1992). Clothing accounts for ten percent of consumer spending in Mexico, compared with 5.4 percent in the U.S. (Francese, 1993). The North American Free Trade Agreement (NAFTA) has removed many trade barriers between the U.S. and Mexico, resulting in easier access to Mexican markets. Additionally, Mexico serves as an entree to

other Latin American countries that are likely to become important markets for domestic retail firms.

The traditional shopping habits of Mexican consumers have changed considerably with the recent expansion of U.S. style malls in Mexico (Aspin, 1992). Mexico has become an attractive target for assimilation of U.S. culture and U.S. products. Preliminary data on apparel purchase attitudes and behaviors by Forsythe and Cavender (1993) have shown that Mexican consumers prefer clothing items from the U.S. over domestic products or those from Asian countries; they rate U.S. products high on price, quality, style, size, and care required. Overall, Mexican consumers have positive attitudes toward U.S. clothing products and perceive them to be of excellent quality and styling. Nevertheless, the success of U.S. retail firms in Mexico or other foreign markets will depend, to a large extent, on how well they identify and profile consumer markets and implement effective marketing strategies.

## ■ Objectives

Perceptions of price, quality and value are considered to be the principal determinants of shopping behavior and product choice among U.S. consumers (Dawar and Parker, 1994; Rao and Monroe, 1989; Zeithaml, 1988). It is expected that similar product attributes will influence shopping behaviors and product choice among Mexican consumers. Therefore, to develop effective marketing strategies, U.S. apparel marketers must understand how Mexican consumers manage informational cues in evaluating and choosing products. Much has been written about Mexican consumers' preferences for U.S. brand products; however, empirical data on the impact of product attributes on perception of quality, value and willingness to buy U.S. brand products are lacking (Bellenger and Valencia, 1982; Sugarman, 1987). The purposes of this study were to identify and profile the major Mexican markets for U.S. apparel products and to examine the effect of product attributes on perceptions of quality, value, and willingness to buy U.S. products.

The objectives of this study were:

1. To examine the three major Mexican consumer markets with respect to consumer variables and apparel purchase behavior;
2. To profile the Mexican consumer market with respect to purchase behavior and attitudes toward (U.S.) brands/products;
3. To determine the impact of (U.S.) brand name, price and physical appearance on consumer perception of apparel product quality and value and on willingness to buy among Mexican consumers; and

4. To identify product and marketing strategies that will enhance the ability of U.S. firms to successfully position their products in Mexican markets.

## ■ Background

This section will provide an overview of the literature on consumers' perceptions of quality and use of product cues to evaluate quality and value. It will also examine selected consumer variables that may impact consumers' evaluation of quality and product choices.

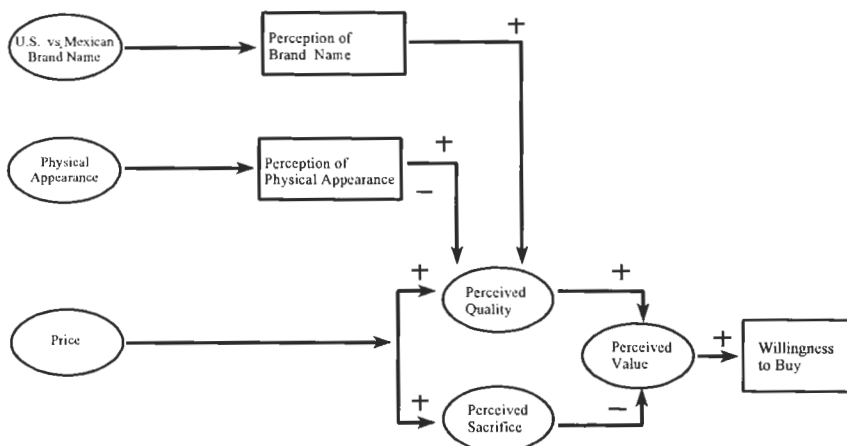
Consumers tend to differentiate products by discriminating among levels of quality. Product perception has been shown to affect consumers' willingness to buy (Forsythe, 1991; Dodds, Monroe and Grewal, 1991); therefore, the concepts of perceived product quality and value will be especially useful when examining the decision process for apparel products among Mexican consumers. Products consist of an array of cues that serve as surrogate indicators of quality to shoppers (Olson, 1972). These cues, used by consumers to evaluate quality, can be categorized as either "intrinsic" or "extrinsic." For apparel, fabric type and construction details are examples of intrinsic cues; price, brand name, and store image are examples of extrinsic cues. A review of the literature suggests that consumers rely on extrinsic cues such as price (Leavitt, 1954; Tull, Boring, and Gonsior, 1964; Lambert, 1970; Zeithaml, 1988), and brand name (Allison and Uhl, 1964; Nevid, 1981; Wheatley, Walton, and Chiu, 1977; Behling and Welch, 1988; Engel, Blackwell, and Miniard, 1986) when making quality assessments. However, a number of studies have found that intrinsic cues may be more salient than extrinsic cues in assessing quality (Olson and Jacoby, 1973; Davis, 1985; Jacoby, Olson, and Haddock, 1971; Forsythe, 1991). Additional research suggests that consumers tend to use both intrinsic and extrinsic cues concurrently when evaluating product quality (Jacoby, Olson, and Haddock, 1971; Szybillo and Jacoby, 1974; Davis, 1985; Simonson, 1989).

This study extends previous research on perception of quality by investigating the effects of an intrinsic cue (physical appearance) and extrinsic cues (price, brand name) on perception of quality for clothing. Although there is an extensive body of research on perceived quality and cue usage among consumers in the U.S., little has been done to determine its applicability to foreign markets. In the present study, the extended Conceptualization Model by Dodds, Monroe and Grewal (1991) is adapted to examine the impact of price, brand name, and intrinsic product attributes on product evaluations among Mexican consumers.

Apparel products are generally perceived to be aesthetic, symbolic products tied to self presentation and impression management. Therefore, affect motives, as opposed to utilitarian motives, will be important precursors of the consumer decision (e.g., Forsythe, 1991; Forsythe, Butler and Schaefer, 1991; Shim and Bickle, 1994). In the consumer behavior literature, culture is recognized as a powerful force shaping consumers' motivation and thus, their product choices (Tse, Belk and Zhou, 1989). Because consumers in Mexico share ethnic heritage, language, political ideologies, and economic standards which are different from those in the U.S., it is anticipated that their motivations for purchase decisions and cue usage in product evaluations will differ from those of U.S. consumers. Mexican consumers have been found to have different tastes and needs than U.S. consumers and different expectations of apparel products. For example, Forsythe and Cavender (1993) found that, unlike U.S. consumers, price is typically less important to upscale Mexican consumers than style and quality. These findings suggest that cultural differences in attitudes and motivations impact consumers' perception of products and their purchase decisions for apparel products. The proposed conceptual model (Figure 1) allows marketers to examine the impact of both consumer and market controlled factors on the potential success of U.S. brands in Mexican markets. The following section reviews the empirical research relating to each of the model's components and examines consumer variables which may affect apparel purchase behavior.

Figure 1

## CONCEPTUAL MODEL OF CONSUMER DECISION MAKING



## *Perception of Quality, Value and Willingness to Buy*

Quality can be defined broadly as superiority or excellence. By extension, perceived quality can be defined as the consumer's judgment about a product's overall excellence or superiority and may be thought of as a global assessment that in some cases resembles attitude and a judgment usually made within a consumer's evoked set (Zeithaml, 1988). Perceived quality has been defined as an abstract evaluation of a product that is formed from intrinsic attributes of the product such as physical characteristics and extrinsic attributes that are not part of actual physical products such as brand name and price (Zeithaml, 1988). Perceived quality may be of more importance than objective quality because it is subjective, rather than objective, reality which determines most of human behavior (Jacoby and Olson, 1985). Previous empirical analyses suggest that consumer evaluation of quality has a critical influence on subsequent purchasing behavior (LeBarber and Mazursky, 1983; Parasuraman, Zeithaml and Berry, 1988).

Value is an abstract concept that is highly interrelated and frequently confused with the concepts of quality, benefits, and price (Dodds, Monroe and Grewal, 1991). Perceptions of value can be defined as the cognitive tradeoff between perceptions of quality and sacrifice. The tradeoff between quality and sacrifice is a paradoxical situation wherein a product offered at a lower price than a competing product would be both more attractive on the basis of smaller monetary sacrifice and less attractive because of its suspected inferior quality (Scitovszky, 1945; Dodds, 1991).

Previous research has shown that price and perceived value have a curvilinear relationship (Rao and Monroe, 1989; Szybillo and Jacoby, 1974). Perception of value increases as price increases from below the consumer's lower acceptable price limit to some price within his/her acceptable range. However, as price increases beyond the acceptable range, perception of value declines (Dodds, Monroe and Grewal, 1991). The effect of price and brand name on perception of value or willingness to buy have not been examined empirically. However, Dodds, Monroe and Grewal, (1991) proposed that product cues influence perceptions of product quality and value, and hence willingness to buy.

## *Physical Appearance, Brand Name, and Price Effects on Product Evaluation*

Intrinsic and extrinsic attributes or cues have been found to contribute to U.S. consumers' perceptions of apparel quality, and therefore play

an important role in apparel purchase decisions (Morganosky, 1990). Consumers appear to evaluate apparel products, differentiate among products, and form impressions of product quality and value through the use of extrinsic cues as well as intrinsic cues (Forsythe, 1991).

For apparel products, intrinsic cues, those cues which cannot be changed or experimentally manipulated without also changing the physical characteristics of the product itself (Olson and Jacoby, 1973), include style, fabric, and construction details of the garment. The few studies on the effects of intrinsic cues on perceived quality suggest that under particular conditions, the intrinsic cues may be more important than the extrinsic cues (Jacoby, Olson and Haddock, 1971; Forsythe, 1991; Davis, 1985). Forsythe (1991) and Davis (1985) found that consumers rely on the tangible garment characteristics as primary indicators of apparel quality. Abraham (1992) concluded that consumers tend to concentrate on intrinsic cues to evaluate future performance of garments.

Nevertheless, much of the earlier quality perception research shows that consumers' quality perceptions are strongly affected by extrinsic cues such as brand name and price (Wheatley, Chiu and Goldman, 1981). Among the extrinsic cues, price and brand name have been studied most extensively, both in isolation and in conjunction with other cues (Abraham, 1992).

Consumers often use high status or well-known brand names as indicators of product quality (Forsythe, 1991; Nevid, 1981; Behling and Wilch, 1988, Wheatley, Chiu and Goldman, 1981; Bellizzi et al., 1981; Wheatley, Walton and Chiu, 1977; Mazursky and Jacoby, 1983). Brand name may act as surrogate for apparel quality, particularly among brand conscious consumers (Forsythe, 1991). If consumers lack the knowledge necessary for directly evaluating product quality, they are much more likely to rely on brand name (Engel, Blackwell and Miniard, 1990). Although few generalizable results have emerged, brand name has often been found to be more important than price in product evaluations.

Several studies on the price-quality relationship have shown that price is associated with quality, especially in the absence of other information (Garbor and Granger, 1966; McConnell, 1968; Tull, Boring and Gonsior, 1964). However, the boundaries of when and under what conditions buyers impute quality on the basis of price is still unclear (Dodds, Monroe and Grewal, 1991). The importance of price in relation to other extrinsic cues such as brand name may depend on the nature of the products, their price ranges, and the research methods used (Dodds, Monroe and Grewal, 1991).

Wheatley and Chiu (1977) found perceived quality to be associated with high prices and physical attributes of the product. The price cue in

their study accounted for the greatest difference in quality perceptions. Findings of Andrews and Valenzis (1971) indicated that most people associate higher prices with better quality for apparel products. Thus, given the belief that price and quality are positively related, it is not surprising that consumers would use price as an indicator of perceived quality (Dodds, Monroe and Grewal, 1991).

Dodds, Monroe and Grewal (1991) illustrated that price can be both an indicator of the level of quality and the amount of sacrifice needed to purchase a product. From the consumer's perspective, price represents what is given up or sacrificed to obtain a product (Zeithaml, 1988). Price is unquestionably one of the most important marketplace cues. The pervasive influence of price is due, in part, to the fact that the price cue is present in all purchase situations and represents to all consumers the amount of economic outlay that must be sacrificed in order to engage in a given purchase transaction. Therefore, higher prices negatively affect purchase probabilities (Dodds, Monroe and Grewal, 1991).

In summary, physical appearance, brand name, and price have been shown to affect perception of quality among U.S. consumers. Thus, it is anticipated that physical appearance, brand name, and price may affect consumers' perception of quality and subsequent purchase decisions similarly in the international markets.

### *Consumer Variables*

Potential differences in attitudes and purchase behavior, including the use of informational cues by U.S. and international apparel consumers, suggest that marketers need to understand how consumers in targeted international markets are affected by product cues such as physical appearance, brand name, and price. One might expect to find substantial differences in the use of cues to the extent that the consumer variables contributing to cue usage also vary from one culture to another (Dawar and Parker, 1994). Few of the consumer variables in the present study have been examined with international samples; however, several studies have argued for, or empirically demonstrated international variation for factors that could contribute to cue usage in product evaluations and purchase behaviors (Hofstede, 1980; Hoover, Green and Saegert, 1978; Mitchell and Groatorex, 1990). Consumer variables such as perceived risk (Festervand, 1976; Verhage, Yavas and Green, 1990), clothing involvement (Bloch, Sherrell and Ridgway, 1986; Papavassiliou, 1989; Kapferer and Laurent, 1986), shopping enjoyment (Shim and Kotsiopoulos, 1993), fashion leadership (Huddleston, Ford and Bickle, 1993; Forsythe, Butler and Kim, 1991; Goldsmith, Freiden and Kil-



sheimer, 1993), benefits sought (Shim and Bickle, 1994), and demographics such as age, gender, and income (Gabor and Granger, 1966; Wheatly and Chiu, 1977; King and Ring, 1980; Behling and Wilch, 1988) have been found to influence consumer judgments of quality or purchase behaviors. Thus, an understanding of consumer variables and the potential impact of these variables on quality perceptions is important in developing effective marketing strategies for international markets.

## ■ Research Method

Mall-intercept surveys of shoppers in the three major Mexican markets - Mexico City, Guadalajara and Monterrey - representing almost one third of Mexico's total population, were used to identify demographic characteristics, apparel purchase behavior, attitudes toward clothing (particularly U.S. brands) and factors which influence apparel purchase decisions. Survey data, subjected to parametric data analysis, were used to profile apparel consumers in these major Mexican markets.

An experimental research design was used to examine the impact of physical appearance, brand name, and price on Mexican consumers' perceptions of product quality, value, and willingness to buy. To obtain consumer evaluations of apparel items, price and brand name were manipulated. The relationships between these three product cues (physical appearance, brand name, and price), two evaluative variables (perceived quality and perceived product value), and the customer's willingness to buy U.S. apparel products were tested (Figure 1).

### *Experimental Research Design*

A high involvement apparel product was judged to be an appropriate stimulus for this study. A ladies' jacket was chosen as the stimulus product because it is considered to be a high involvement item due to cost, visibility, and potential impact on the purchaser's social image. One Mexican brand and one U.S. brand were chosen based on the following criteria: 1) it must be a major Mexican or U.S. brand name, 2) it must be sold in major department stores in each of the three cities surveyed, 3) it must have high brand familiarity among the consumer samples, and 4) it must represent a high involvement item. The two brands of jackets selected were comparable in style, color, construction, and price.<sup>1</sup>

A  $2 \times 2 \times 2$  factorial design with two brands by two label conditions by two prices was employed. Two identical U.S. brand jackets

(one with labels intact and one with labels removed) and two identical Mexican brand jackets (with and without labels) were shown at each of two price levels. The "no label" condition served as a control for the effect of brand name. Price was manipulated by using one of two price levels (high or low price) on the questionnaires. Subjects were asked to evaluate one of the jackets as they left a major anchor store in the mall. Subjects were randomly assigned to one of the eight experimental treatments (two brand conditions by two label conditions by two price levels). A total of 398 Mexican consumers participated in the study.

The instrument was developed with the objective of measuring the relationship between the three independent variables - physical appearance, U.S. vs. Mexican brand name, and price and the dependent variables - perceived quality, value, and willingness to buy. Scale items

TABLE 1. SCALES & ALPHA VALUES

Scale Items	Alpha Values
<b>Clothing Involvement</b>	.7178
People form an opinion of me based on the clothes I wear	
My clothes help me express who I am	
<b>Fashion Leadership</b>	.8809
It is important for me to be a fashion leader	
I am aware of fashion trends and want to be one of the first to try them.	
I am the first to try new fashions; therefore, many people regard me as being a fashion leader	
<b>Shopping Enjoyment</b>	.7287
I enjoy shopping in my free time	
Shopping is a fun activity	
<b>Physical Appearance</b>	.9035
The workmanship is good	
The fabric quality is good	
The design is attractive	
The styling of the jacket is good	
This jacket is well constructed	
<b>Value</b>	.8486
At \$____, this jacket is good	
This jacket is a good bargain	
If I were buying a jacket, I would consider buying this jacket at \$____	
<b>Willingness to Buy</b>	.7640
The probability that I would consider buying this jacket is good	
The likelihood of my purchasing this jacket is high	

previously used by Dodds, Monroe and Grewal, 1991; Rhi-Perez, 1989; Wilson, 1993; and Valencia, 1994) were used to measure perceptions of physical appearance, value, and willingness to buy. See Table 1 for scale items and alpha coefficients. Additional questions were included to obtain further information on consumer attitudes and purchase behaviors and demographics of Mexican mall shoppers. Perception of quality was measured by a global item designed to obtain the subject's overall assessment of product quality. The instrument was developed in English and translated into Spanish using the back translation method (Rhi-Perez, 1989).

### *Data Collection*

This study was designed to survey a cross section of Mexican consumers who shopped in leading malls in Mexico City, Guadalajara or Monterrey. Mall selection was based on the following criteria: 1) located in an established community, 2) served middle to upper income patrons, 3) anchored by major department stores, and 4) both experimental brand names had to be sold in the malls surveyed in order to facilitate recognition of brand names used in the study. The malls included in this research were Perisur in Mexico City, La Gran Plaza in Guadalajara, and Plaza San Agustin in Monterrey.

Subjects were chosen on a "catch as catch can" basis (Blair, 1983) approaching the next available shopper as soon as the previous subject completed his/her evaluation. Each subject who agreed to participate was randomly assigned to a jacket condition. The mall intercepts were conducted on weekdays and weekends and at different times of the day and evening in order to obtain a more representative sample of mall shoppers. Path analysis, a method for studying patterns of causation among the set of variables, was used to test the model (Pedhazur, 1982).

## ■ Results and Discussion

### *Description of the Sample*

Congruent with Mexico's youthful population, 42% of the shoppers surveyed were below age 25 and only 13% were above age 45 (Table 2). Sixty-nine percent of the shoppers surveyed were female. Annual income was well distributed among the income categories of less than \$15,000 U.S. dollars to more than \$70,000, with almost half of the sample earning an income equivalent to \$35,000 or more. This sample was meant to be representative of the consumers who shop at the major

TABLE 2. PROFILE OF CONSUMER SAMPLE

Demographic Traits	Mexico City (n=129)	Guadalajara (n=150)	Monterrey (n=119)	Combined Sample (N=398)
<b>Age</b>	2*	1		
less than 18 yrs	6%	6%	3%	5%
18-24 yrs	34%	39%	37%	37%
25-34 yrs	27%	33%	27%	29%
35-44 yrs	14%	13%	19%	15%
45-55 yrs	12%	7%	11%	10%
56 yrs and older	6%	2%	2%	3%
Missing Data	1%	0%	1%	1%
<b>Gender</b>	2, 3	1, 3	1, 2	
male	30%	46%	18%	32%
female	60%	53%	72%	61%
Missing Data	10%	1%	10%	7%
<b>Annual Income</b>	3		1	
less than \$15,000	18%	11%	13%	14%
\$15,000-\$23,000	21%	21%	16%	19%
\$23,000-\$35,000	17%	21%	15%	18%
\$35,000-\$46,000	11%	13%	14%	13%
\$46,000-\$70,000	17%	15%	22%	18%
over \$70,000	12%	17%	18%	16%
Missing Data	4%	2%	2%	2%
<b>Marital Status</b>				
single	61%	62%	53%	59%
married	38%	38%	44%	40%
Missing Data	1%	0%	3%	1%
<b>Education of Respondent</b>				
primary school	2%	1%	0%	1%
secondary school	6%	7%	5%	6%
preparatory school	30%	21%	20%	24%
university	52%	58%	66%	58%
postgraduate	8%	13%	6%	9%
Missing Data	2%	0%	3%	2%
<b>Education of Spouse</b>	3	3	1, 2	
primary school	2%	4%	0%	2%
secondary school	11%	9%	2%	7%
preparatory school	28%	21%	12%	21%
university	38%	57%	54%	50%
postgraduate	21%	9%	32%	20%

\*Note: Numbers indicate which cities are significantly different from each other ( $p < .05$ ) according to t-tests (1=Mexico City; 2=Guadalajara; 3=Monterrey). For example, Mexico City is significantly different from Guadalajara but not from Monterrey with respect to age distribution.

malls in Mexico; but not representative of the Mexican population in general. Thus, this sample is representative of the primary target market for U.S. brands/products. The shoppers surveyed were generally well educated, as were their spouses. The majority of the shoppers were single (59%), which is consistent with the large number of young shoppers. Of the shoppers who were under 25 years old, only 11% were married; however, of those shoppers who were 25 or older, 62% were married. About 40% of the shoppers typically purchased jackets in the \$100 to \$200 price range, approximately the Liz Claiborne target market. Forty-seven percent of the sample reported paying \$100 or less for a jacket.

### *Mexican Consumer Markets: An Overview*

A profile of the three major consumer markets in Mexico revealed a number of similarities among these markets. Overall, the consumers tended to be young, well educated, and predominately female. They were representative of the middle-to-upper income mall shoppers in Mexico.

In order to better understand and profile Mexican consumers, a number of consumer variables that have been found to affect purchase behavior among consumers in the U.S. were assessed. Just over one-third of the sample were classified as brand loyal and 50% reported they enjoy shopping. Perhaps the most significant difference between U.S. and Mexican shoppers is the large percentage of Mexican shoppers who generally pay regular price for clothing items. Only 15% of those surveyed reported buying items that are on sale; 85% typically pay regular price. In general, shoppers' ratings for Liz Claiborne (the U.S. test brand) and Julio (the Mexican test brand) were favorable with 93% of those surveyed rating both brands as good to excellent. Overall, ratings of U.S. apparel brands were more favorable than ratings of Mexican apparel brands.

A comparison of consumer demographics for the three cities showed that shoppers in Guadalajara were somewhat younger than those in Mexico City (Table 2). The annual income of shoppers in Monterrey was greater than the income for shoppers in Mexico City. In addition, the educational level of shoppers' spouses in Monterrey was higher than in the other two cities, which may explain why the income levels were also higher in Monterrey. However, these three major markets did not differ significantly with respect to expenditures on jackets, total clothing expenditures, purchase frequency for U.S. apparel brands, or their ratings of U.S. brands.

### *Mexican Consumer Market: Apparel Expenditures*

Consumers were profiled with respect to the amount typically spent on a ladies' jacket (Table 3). Those who spent more on a jacket (over \$125) tended to be fashion leaders, to be brand loyal, to enjoy shopping more, to spend more on clothing in general, and to be less likely to buy clothing on sale. With respect to patronage behavior, these consumers tended to shop more at boutiques and department stores and less at discount stores. They were more highly educated, had higher incomes, and purchased more U.S. brands of clothing than those who typically spent less on a jacket.

Consumers were also profiled according to their total expenditure on clothing, with similar results (Table 3). Those who spent more on clothing had higher clothing involvement scores, were more likely to be fashion leaders, sought image benefits from their clothing, enjoyed shopping, were more brand loyal, and less likely to buy on sale than those who spent less on clothing. These consumers were more likely to shop at boutiques and less likely to shop discount stores. Also, they had higher incomes and higher educational levels and purchased more U.S. brands than those who spent less on clothing.

### *Mexican Consumer Market: Purchase Behavior for U.S. Brands*

Mexican consumers who were heavy purchasers of U.S. brands spent more on clothing, bought more jackets and paid more for them, enjoyed shopping, and rated Liz Claiborne and other U.S. brands more favorably than those who were light purchasers of U.S. brands (Table 4). They were more likely to shop at a boutique or department store and less likely to shop a discount store for clothing. Heavy purchasers of U.S. brands can be characterized as younger, more highly educated, and having higher incomes than light purchasers of U.S. products. Consumers who rated U.S. brands more favorably enjoyed shopping, perceived less risk, showed less concern with functional benefits of clothing, and were less likely to shop discount stores than are consumers who rated U.S. brands less favorably. Also, consumers who rated U.S. brands more favorably were heavy purchasers of U.S. brands.

### *Testing the Model: Effect of Market Cues on Perception of Quality, Value and Willingness to Buy*

Path analysis was used to examine the direct and indirect effect of physical appearance, brand name, and price on shoppers' perception

of quality, value, and willingness to buy for the four jackets in the study. In all treatment conditions (U.S. brand name jackets with and without labels and Mexican brand name jackets with and without labels), consumers' perceptions of physical appearance had a significant positive effect ( $p < .001$ ) on perceived quality (Figures 2–5). The perception of a garment's physical appearance attributes has been found to be positively related to perception of quality (Wilson, 1993). In all four treatment conditions, consumers' perceptions of physical appearance also had a positive, but indirect, effect on perceived value and on willingness to buy (Figures 2–5). That is, the path from perception of physical appearance to perceptions of quality, value, and willingness to buy was consistently positive in all treatment conditions. Thus, a favorable perception of a product's physical appearance enhances the consumer's evaluation of that product's quality and value and the consumer's willingness to purchase the product.

The second step was to determine the relative effect of U.S. versus Mexican apparel brand name on perception of quality, perception of value, and willingness to buy among Mexican consumers. For the U.S. brand, perception of brand name had a positive and direct effect on perceived quality ( $p < .01$ ) (Figure 2). Brand name also enhanced perception of physical appearance which resulted in a more positive perception of quality ( $p < .01$ ); that is, when shoppers evaluated the U.S. brand jacket with the label intact, they rated it more favorably on both physical appearance and quality. The path analysis also showed a positive indirect relationship between the perception of brand name and the perception of value ( $p < .005$ ) and willingness to buy ( $p < .0001$ ) for the U.S. brand name jacket (Figure 2). These findings indicate that the U.S. brand name favorably enhances consumer product evaluations at various stages of the decision process. However, the Mexican brand name did not significantly influence consumers' perception of the physical appearance or quality (Figure 4). While brand name appears to be an important cue in consumers' evaluation of U.S. brand products, it may be less important in evaluating Mexican brand products.

The third step was to determine the (direct or indirect) effect of price on perceived quality, value, and willingness to buy among Mexican consumers. The objective price instead of perceived price was used in the study because previous research suggests that objective price may be a better predictor of perceived quality than perceived price (Valencia, 1994). For three of the four treatment conditions, there was no significant relationship between price and perceived quality. There was, however, a positive relationship between price and perceived quality for the Mexican brand without a brand label ( $p < .10$ ). These findings suggest that, unlike U.S. consumers, Mexican consumers may not use price cues to evaluate quality or value of products when the brand name is available.

TABLE 3. CONSUMER PROFILES BY EXPENDITURE ON JACKET &amp; TOTAL CLOTHING EXPENDITURE

Consumer Variables		Expenditure on Jacket		Total Clothing Expenditure		t value
		1=low (less than \$100)		1=low (less than \$1,400)		
		mean	sd	mean	sd	
clothing involvement	1	4.562	1.653	4.443	1.616	-1.86*
	2	4.659	1.575	4.827	1.619	
fashion leadership	1	2.376	1.523	2.209	1.417	-2.42**
	2	2.819	1.405	3.026	1.570	-4.07**
image benefit sought	1	3.500	1.432	3.301	1.339	-1.63
	2	3.789	1.220	4.015	1.320	-3.85**
functional benefit sought	1	5.202	1.493	5.219	1.627	-.95
	2	5.370	1.364	5.280	1.407	-.31
shopping enjoyment	1	4.802	1.696	4.294	1.777	-1.65*
	2	5.144	1.704	5.341	1.467	-5.03**
perceived risk	1	2.645	.448	2.685	.464	-.83
	2	2.691	.479	2.682	.438	.06
brand loyalty	1	3.757	1.595	3.837	1.653	-3.42**
	2	4.426	1.635	4.250	1.656	-1.94*
buys on sale	1	3.886	1.677	3.739	1.787	2.42**
	2	3.413	1.504	3.346	1.487	1.88*
total clothing expenditure	1	1880	1505			NA
	2	3278	2199			
expenditure on jacket	1			2.296	1.263	NA
	2			3.260	1.304	-5.87**



shops at boutique	1	1.874	.926	-5.57**	1.838	.934	-4.33**
	2	2.539	.096		2.424	1.057	
shops at department store	1	2.967	1.013	-1.75*	2.964	1.039	-1.41
	2	3.173	.897		3.145	.962	
shops at discount store	1	1.630	.893	3.95**	1.615	.922	1.79*
	2	1.232	.568		1.405	.780	
quantity of jackets bought	1	2.155	1.288	-4.27**	1.853	1.239	-7.28**
	2	2.817	1.285		3.015	1.266	
age	1	2.946	1.119	-.31	2.846	1.229	-1.49
	2	2.991	1.309		3.076	1.207	
respondent's education	1	3.554	.867	-3.58**	3.526	.818	-3.25**
	2	3.889	.569		3.837	.682	
spouse's education	1	3.784	1.063	-.33	3.659	1.063	-1.17
	2	3.844	.796		3.881	.832	
income	1	3.011	1.646	-7.45**	2.664	1.486	-8.00**
	2	4.444	1.462		4.254	1.596	
rating of Liz Claiborne	1	3.868	.909	-.33	3.768	.831	-1.59
	2	3.915	.932		4.000	.909	
rating of U.S. brand	1	3.907	.753	.26	3.870	.741	.76
	2	3.875	.813		3.973	.772	
purchase frequency for U.S. brand	1	6.834	3.138	-3.96**	6.427	3.108	-5.30**
	2	8.363	3.331		8.526	3.140	

\* $\alpha \leq .10$ . \*\* $\alpha \leq .05$

TABLE 4. CONSUMER PROFILES BY PURCHASE OF U.S. BRANDS &amp; RATING OF U.S. BRAND

Consumer Variables		Purchase of U.S. Brands			Rating of U.S. Brands		
		1 = light		t value	1 = low		t value
		mean	sd		2 = high	mean	
clothing involvement	1	4.7566	1.654	.09	4.7308	1.399	-.51
	2	4.7368	1.687		4.8797	1.551	
fashion leadership	1	2.6046	1.523	-.33	3.0450	1.412	1.30
	2	2.6775	1.519		2.6524	1.524	
image benefit sought	1	3.6099	1.328	-1.61	3.7128	1.301	-1.12
	2	3.9512	1.400		3.9926	1.181	
functional benefit sought	1	5.0714	1.511	-1.12	4.7564	1.581	-2.01**
	2	5.3032	1.428		5.3533	1.458	
shopping enjoyment	1	4.7500	1.701	-1.69*	4.5769	1.684	-3.63**
	2	5.1596	1.739		5.6218	1.346	
perceived risk	1	2.6754	.446	-.26	2.7821	.456	2.03**
	2	2.6915	.422		2.6139	.408	
brand loyalty	1	4.0047	1.680	.22	4.0641	1.544	-.46
	2	3.9516	1.665		4.2078	1.605	
buys on sale	1	3.6339	1.821	1.16	3.4103	1.534	-.90
	2	3.3617	1.473		3.6709	1.456	
total clothing expenditure	1	2011	1921	-4.37**	3059	2631	.00
	2	3246	1903		3060	2120	

expenditure on jacket	1	2.5327	1.416	-3.41**	3.2162	1.397	.60
	2	3.2021	1.357		3.0649	1.185	
shops at boutique	1	1.9140	.996	-3.67**	2.3056	1.009	-.68
	2	2.4468	.990		2.4474	1.051	
shops at department store	1	2.8559	1.043	-2.19**	2.9231	.839	-.88
	2	3.1579	.915		3.0886	1.015	
shops at discount store	1	1.7558	.937	3.75**	1.4167	.604	1.96*
	2	1.2935	.672		1.1918	.544	
quantity of jackets bought	1	2.0614	1.365	-4.20**	2.5385	1.253	-.39
	2	2.8298	1.365		2.6456	1.459	
age	1	3.2544	1.355	2.35**	2.8718	1.341	.61
	2	2.8404	1.139		2.7342	1.034	
respondent's education	1	3.4825	.865	-2.61**	3.8205	.644	-.67
	2	3.7742	.709		3.8974	.549	
spouse's education	1	3.6792	1.015	-1.16	4.1429	.663	.10
	2	3.9024	.800		4.1212	.650	
income	1	2.8818	1.641	-5.65**	3.7949	1.750	-1.13
	2	4.1935	1.657		4.1667	1.631	
rating of Liz Claiborne	1	3.7200	.991	-3.08**	2.7436	.667	-18.8**
	2	4.2024	.803		4.7215	.451	
rating of U.S. brand	1	3.7258	.965	-2.12**	NA		
	2	4.0933	.743				
purchase frequency for U.S. brand	1	NA			7.4872	3.363	-2.28**
	2				8.9367	3.188	

\* $\alpha \leq .10$ , \*\* $\alpha \leq .05$

Figure 2

### U.S. Brand with Label

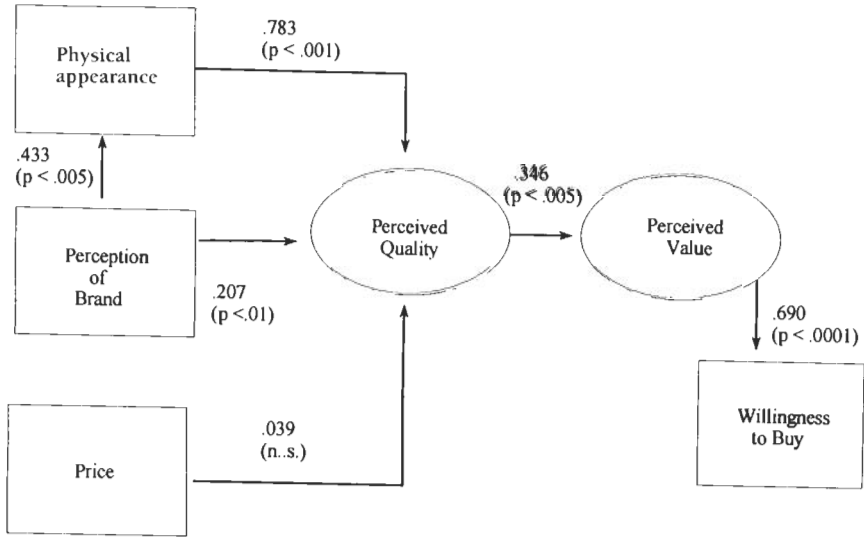


Figure 3

### Mexican Brand with Label

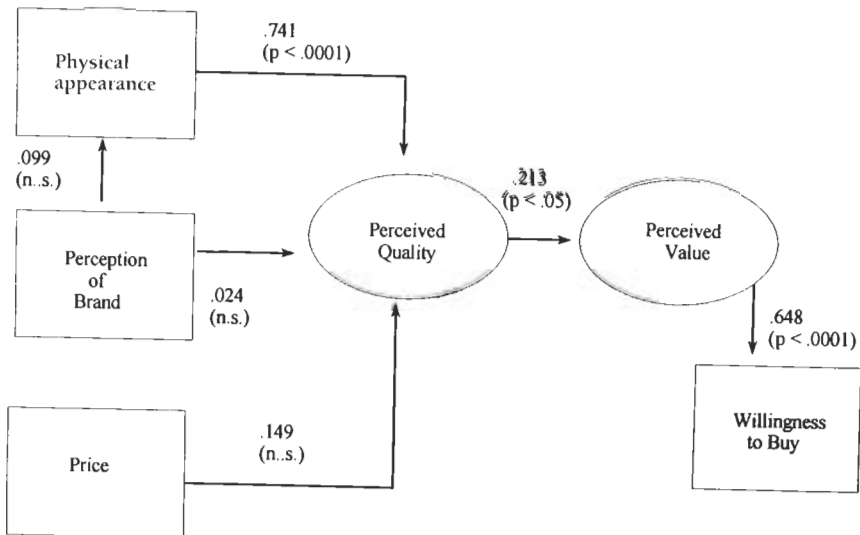


Figure 4

### U.S. Brand without Label

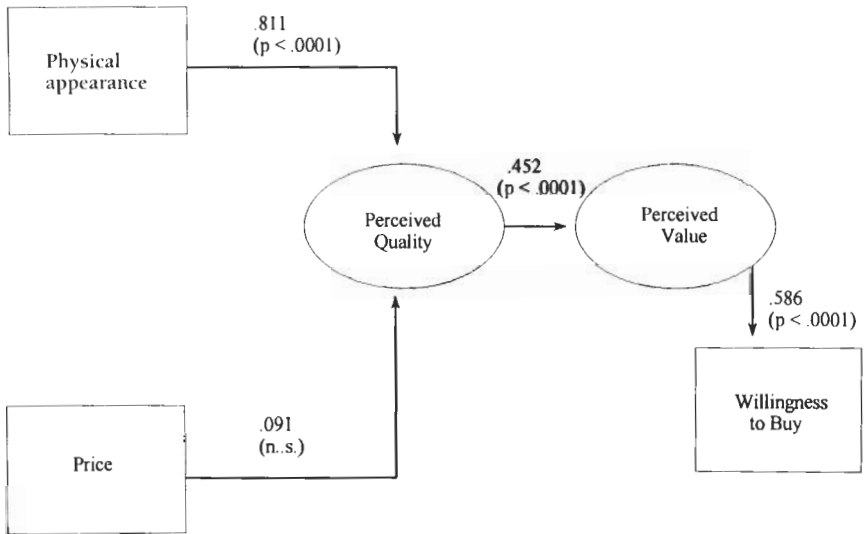
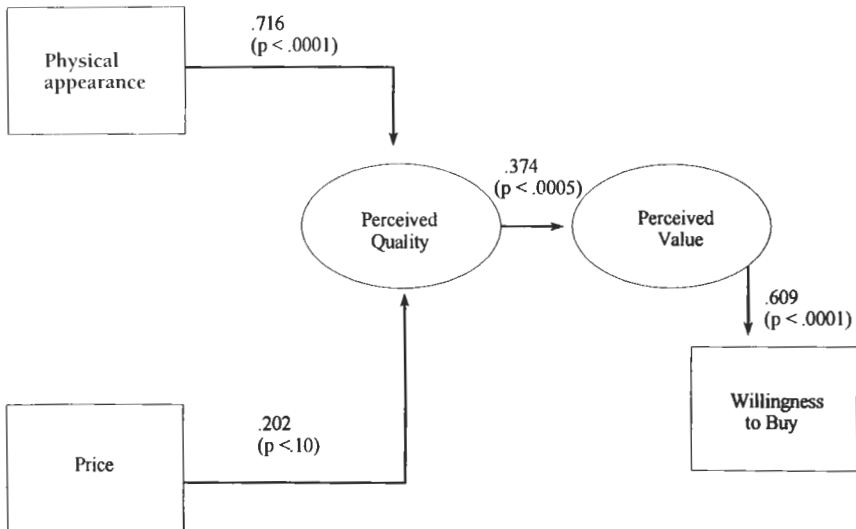


Figure 5

### Mexican Brand without Label



For all treatment conditions, there was a positive relationship between perception of quality and perception of value and between perceived value and willingness to buy. These findings are consistent with previous findings of a positive relationship between perceived value and willingness to buy (Dodds, Monroe and Grewel, 1991; Dodds and Monroe, 1985) and underscores the importance of favorable quality perceptions in the purchase decision process.

### *Strategies to Enhance Success of U.S. Firms in Mexican Markets*

Compared with consumers in the U.S., Mexican consumers spend a larger portion of their income on clothing and are much more likely to purchase clothing at regular price. In addition, consumers in Mexico have favorable attitudes toward U.S. brands. These findings suggest significant market potential for U.S. firms in Mexican markets.

Profiles of Mexican shoppers who are likely to purchase U.S. brands (those who have purchased several U.S. brands and/or have favorable attitudes toward U.S. brands) are useful to aid in identifying effective product and marketing strategies for U.S. firms doing business in Mexico. Results of both the consumer profiles and the experimental portion of this study support the critical nature of physical appearance and brand name to success in Mexican markets. These findings also collectively reinforce earlier findings that price is of limited importance to upscale Mexican consumers in evaluating product quality and value.

The primary Mexican consumer market for U.S. products tends to be young, affluent, well educated, and to have favorable attitudes toward U.S. brands. For this market, image benefits are more important than functional benefits in the purchase decision for clothing. Consistent with the important role of image in the purchase decision, these shoppers tend to be brand loyal and prefer to purchase well known brands. Many of the shoppers in this group are fashion leaders, enjoy shopping, and patronize boutiques and department stores as opposed to discount stores. Examination of the profile of this market makes it clear that U.S. firms must build a strong brand image consistent with the attitudes and values of Mexican shoppers to be successful in Mexico. Furthermore, the shoppers most likely to purchase U.S. brands spend a large portion of their budget on clothing, buy more expensive clothing items, and purchase their clothing at regular price as opposed to a reduced or sale price. In fact, many shoppers avoid "sale" items because, to many Mexican consumers, it denotes inferior merchandise. These findings further imply that effective marketing strategies will avoid emphasis

on price and concentrate on building a strong brand image by promoting the quality, fashionability, and prestige image of the brand/product.

The experimental portion of this study was predicated on the premise that a better understanding of how shoppers in Mexico manage information cues during the purchase decision can provide a basis for developing effective marketing strategies. The path analysis showed that U.S. brand name had a direct effect on perception of quality and an indirect effect by improving perceptions of the product's physical appearance (Figure 2). That is, both the physical appearance and the quality of the U.S. brand jacket were rated higher when shoppers evaluated the jacket with the brand name label intact than when they evaluated the same jacket with the brand name label removed. The brand name also contributed to more favorable ratings of value and greater willingness to buy as there were significant positive relationships between perception of quality, value, and willingness to buy. However, examination of the path analysis showed that price had no significant effect on perception of quality or physical appearance of the jacket when brand name was present. Furthermore, perceptions of value appeared to be more closely linked to perceptions of quality than to price. Consistent with the implications of the consumer profile, these findings further suggest that price has limited importance in Mexican shoppers' product evaluations and reinforce the critical nature of physical appearance and brand name in purchase decisions. Based on the consumer profiles and the experimental investigation, it is clear that successful U.S. firms must develop product and marketing strategies aimed at building a strong brand image.

These findings hold a number of implications for product and marketing strategies for companies doing business in Mexico. The popular adage of "think globally, act locally" could well be a guide for implementing successful strategies in Mexico. U.S. retailers will have to rethink their business practices as many of the strategies that have been successful in the U.S. will not work in Mexico. For example, consumer profiles suggest that potential consumers of U.S. brands/products will look for fashion forward merchandise with quality and styling that projects an image consistent with their present (or aspired) socioeconomic status. Therefore, basics and/or classic clothing styles, which continue to be the mainstay of many U.S. apparel retailers, will not lead to increased market share in Mexico. Additionally, U.S. retailers will have to rethink promotion strategies. In the U.S., the most widely used method of increasing sales and gaining market share has been the use of price promotion. However, price promotion as a means of increasing sales is unlikely to be effective in Mexico since Mexican shoppers often associate reduced price with inferior merchandise. These

examples illustrate the importance of understanding consumer markets and the factors influencing purchase decisions. More specifically, they demonstrate that understanding how consumers use cues in their product evaluations and purchase decisions can aid marketers in developing effective strategies for specific international markets.

## ■ Conclusions and Implications for Further Research

This research provides an initial data base of consumer information for U.S. retail firms interested in establishing or expanding marketing efforts in Mexico. Information on market characteristics, consumer attitudes toward and purchase behavior of U.S. brands, and the factors influencing the consumer's purchase decision can aid retail executives in making better strategic decisions for Mexico's markets. The conceptual model introduced here provides U.S. firms with a framework for developing effective marketing strategies based on product cues important to consumers in Mexico. More effective marketing strategies can result in increased sales and an increased share of the Mexican apparel market. The importance of meeting consumer market demand in today's highly competitive international marketplace combined with the demonstrated effect of physical appearance and brand name on the purchase decision of consumers in Mexico, clearly warrants additional research on cue utilization in international markets.

### *Notes*

<sup>1</sup>It was not possible to obtain U.S. and Mexican brand jackets that were identical; however, the appearance of the two brands was extremely similar. Also, the quality and price point represented by the two brands of jackets were highly similar.

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